

Message Text

UNCLASSIFIED

PAGE 01 MANAMA 00279 310610Z

ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 TRSE-00 COME-00 L-03

SP-02 CIAE-00 INR-07 NSAE-00 /043 W

-----097089 310755Z /11

R 310401Z JAN 78

FM AMEMBASSY MANAMA

TO SECSTATE WASHDC 5731

INFO AMEMBASSY AMMAN

AMEMBASSY ABU DHABI

AMEMBASSY ATHENS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

UNCLAS MANAMA 0279

E.O. 11652: N/A

TAGS: ETRD, US

SUBJECT: TAX SECTION 911; AFFECT ON AMERICAN BUSINESS

1. MANAGER, MIDDLE EAST OPERATIONS, HYDRO & COMMUNITY DIVISION, INTERNATIONAL BECHTEL, HAS RELATED TO EMBOFF EXAMPLES OF DIRECT EFFECT OF VACILLATION OF SECTION 911 OF INTERNAL REVENUE ACT. FIRST PROBLEM WAS THAT SIGNIFICANT NUMBER OF MOST EXPERIENCED AMCIT ENGINEERS RETURNED TO U.S. FROM POSITIONS IN EASTERN PROVINCE OF SAUDI ARABIA WHERE HIGHEST SALARIES ARE ONLY MARGINAL INDUCEMENT OVER PRIVATIONS. DEPARTURES WERE PRIMARILY EXPERIENCED ENGINEERS NEAR RETIREMENT OR THOSE WITH MOST FOREIGN EXPERIENCE WHO PROVIDE THE CORE OF A STABLE PROJECT STAFF EVEN IF YOUNGER ENGINEERS ARE TECHNICALLY QUALIFIED.

2. ON ANOTHER PROJECT BECHTEL MAY LOSE BID TO FRENCH FIRM AS A RESULT OF SECTION 911 WAIVERING. BECHTEL WERE DESIGN ENGINEERS PROVIDING COST ESTIMATES. ON CONSTRUCTION BID UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANAMA 00279 310610Z

BECHTEL PROPOSED 37 ENGINEERS WITH 18 AMERICANS. WHEN SECTION 911 WAS FIRST ELIMINATED BECHTEL WAS FORCED TO REFIGURE ITS BID. IT PARED NUMBER OF AMERICANS TO 8 AND THEN HAD TO ADD 8 PERCENT TO TOTAL BID COST TO COVER ADDITIONAL COST OF MAINTAINING THESE 8 AT SAME REAL WAGE LEVEL. THIS MOVED BECHTEL FROM A CLOSE SECOND BEHIND AN INEXPERIENCED FIRM DOWN TO THIRD PLACE BEHIND FRENCH.

3. BECHTEL MANAGER BELIEVES THAT WITH ENGINEERING PROFESSIONALS HIGHER SALARIES ABROAD ARE ONLY MINOR INDUCEMENT FOR FOREIGN EMPLOYMENT. CAREER ADVANCEMENT, PROFESSIONAL CHALLENGE AND A BIT OF PATRIOTISM ARE MORE IMPORTANT. HIS STAFF TEND TO MAINTAIN SAVINGS IN U.S. AT SAME ABSOLUTE LEVEL AS DURING DOMESTIC EMPLOYMENT WITH ADDITIONAL SALARIES GOING TO BETTER FOREIGN LIVING STANDARDS TO ATTEMPT COMPENSATION FOR MISSING U.S. FACILITIES, TO ADDITIONAL FOREIGN PRIVATE TRAVEL AND TO PURCHASE OF HANDICRAFT ITEMS NOT READILY AVAILABLE IN THE U.S. WHEN USG BEGINS TO TAP THESE EXTRAS, RECRUITMENT BECOMES DIFFICULT.
CLUVERIUS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAXES, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANAMA00279
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780045-0816
Format: TEL
From: MANAMA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978014/aaaaacvv.tel
Line Count: 75
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f218c7e1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3739520
Secure: OPEN
Status: NATIVE
Subject: TAX SECTION 911; AFFECT ON AMERICAN BUSINESS
TAGS: ETRD, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f218c7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014